

2004 REVENUE REVIEW

In 2004, 89.3 percent of all tax revenue collected by the State of Nebraska was collected by the Nebraska Department of Revenue. Tax collections for the year were \$3,519 million, an increase of \$336 million or 10.6 percent above 2003. The receipts from permits, fees, and licenses collected by the department were \$325 thousand, an increase of 23.5 percent from the previous year.

Over three-quarters of the department's net tax receipts in 2004 were from state sales tax and income taxes. Net individual income tax receipts increased \$147 million to \$1,296 million in 2004, an increase of 12.8 percent from 2003. Net receipts from corporation income tax were \$188.7 million in 2004, up \$46.3 million or 32.6 percent from 2003. Net state sales and use tax receipts for 2004 totaled \$1,181 million, an increase of \$104.6 million or 9.7 percent above 2003. Sales tax receipts included \$160.1 million of sales tax on motor vehicles.

The largest share of tax revenue is deposited in the State General Fund. General Fund revenue sources accounted for 77.3 percent of the total revenue collected by the Department of Revenue in 2004. Sales and income taxes are the primary sources of General Fund revenue.

Motor fuels taxes and sales tax on motor vehicles are deposited in state highway funds. Revenue deposited in the Highway Trust Fund, Highway Allocation Fund, and the Highway Cash Fund accounted for 12.7 percent of revenue collections.

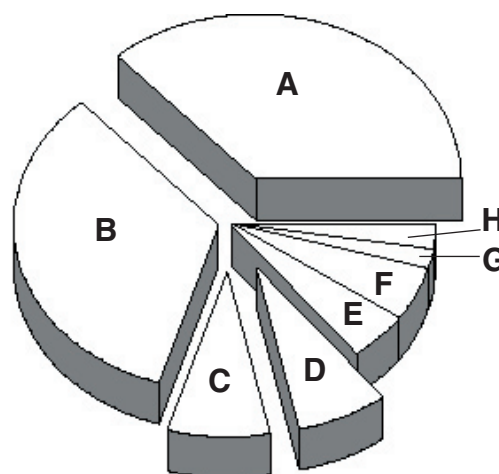
In 2004, 7.6 percent of revenue collections were distributed to local governments. City sales tax and county lodging tax are collected by the Nebraska Department of Revenue and distributed directly to cities and counties.

Revenue deposited in other governmental funds accounted for the remaining 2.4 percent of collections.

The major state revenue sources are described beginning on page 8. The descriptions include the basis and current tax rate, due dates of reports and payments, administering agencies or officials, and the manner of distribution of each tax or fee.

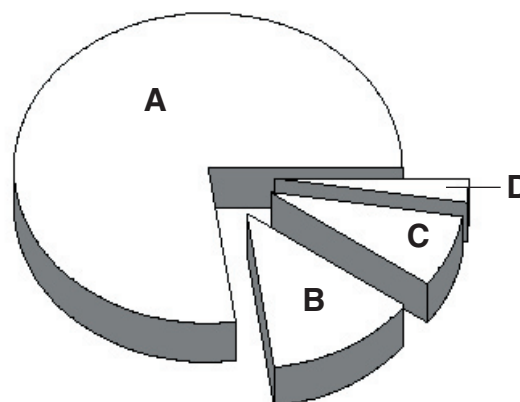
Sources of Revenue

A	Individual Income Tax	36.8%
B	State Sales and Use Tax	33.6%
C	Motor Fuels Taxes.....	8.1%
D	City Sales Tax	7.3%
E	Sales Tax on Motor Vehicles	4.6%
F	Corporation Income Tax.....	5.4%
G	Cigarette Tax.....	1.9%
H	Other Collections	2.3%



Distribution of Revenue

A	General Fund.....	77.3%
B	Highway and Road Funds*	12.7%
C	Local Governments	7.6%
D	Other Funds.....	2.4%



* Includes the Highway Trust Fund, Highway Allocation Fund, and Highway Cash Fund